

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2245-01
Bill No.: SB 471
Subject: Children and Minors; Taxation and Revenue - Income
Type: Original
Date: March 18, 2015

Bill Summary: This proposal would allow a dependency exemption for a stillborn child.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$67,584)	(\$30,000)	(\$30,000)
Total Estimated Net Effect on General Revenue	(\$67,584)	(\$30,000)	(\$30,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would allow a taxpayer to claim a dependent deduction of \$1,200 in the year that a stillbirth occurred, beginning in 2015. According to data provided by the Department of Health and Senior Services (DHSS), there was an annual average of 414 fetal deaths from 2009 - 2013. BAP officials noted the same state statute defines fetal deaths and stillbirths. Since deductions do not reduce taxes on a dollar for dollar basis, BAP officials estimated this proposal would reduce Total State Revenues ($414 \times \$1,200 \times 6\%$) = \$29,808 - rounded to \$30,000. BAP officials assume the numbers may vary in the future due to the impact of SB 509 (2014).

Oversight notes that any potential changes to the maximum individual income tax rate resulting from SB 509 would depend on a revenue threshold which may or may not be reached. Oversight will use the BAP estimate of fiscal impact beginning in FY 2016 when tax returns for 2015 would be filed. Oversight will include the fiscal impact for this proposal in the year the affected tax return would be filed.

Officials from the **Department of Revenue (DOR)** assume this proposal would, if implemented, allow a dependency exemption in the year in which the stillbirth occurred, if the child would have been a member of the taxpayer's household. The proposal would be effective beginning January 1, 2015.

Administrative impact

DOR officials did not provide an estimate of administrative cost to implement this proposal, and **Oversight** assumes DOR could implement the proposal with existing resources.

IT impact

DOR officials provided an estimate of the IT cost to implement this proposal of \$37,584 based on 501 hours of contract programming to make changes to DOR systems at the current state contract rate of \$75.

Oversight will include the DOR estimate of IT cost in this fiscal note, in FY 2016.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, and the **Department of Health and Senior Services** assume this proposal would have no fiscal impact on their organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Cost - DOR</u>			
IT cost	(\$37,584)	\$0	\$0
<u>Revenue reduction</u>			
Dependency exemption for stillborn child	<u>(\$30,000)</u>	<u>(\$30,000)</u>	<u>(\$30,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$67,584)</u>	<u>(\$30,000)</u>	<u>(\$30,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation would allow a dependency exemption for a stillborn child.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Health and Senior Services
Department of Revenue



Mickey Wilson, CPA
Director
March 18, 2015

Ross Strobe
Assistant Director
March 18, 2015